



### **P3 Planning Engagement**

This service is to help medical practices understand the impact of the loan forgiveness calculation under the Paycheck Protection Program and identify key decisions that business owners can make in order to maximize the forgiveness provisions. Additionally, this process will also provide the medical practice with a head-start towards the actual forgiveness calculation.

As part of our P3 Planning Engagement, we will:

1. Prepare an 8-week projection of qualified expenses that include Payroll costs, Interest Expense, Rent Expense and Utilities Expense.
2. Calculate the average full-time equivalents by pay period to be able to determine the average for each month for two base periods. We will be using the Affordable Care Act definition of Full Time Equivalents in order to maximize this calculation. The two pay periods used in accordance with the regulations are:
  - 02/15/19 through 06/30/19
  - 01/01/20 through 02/28/20
3. Calculate the average full-time equivalents for the most recent pay period.
4. Review 2019 payroll journals to determine if any current employees received annualized pay in excess of 100K in any one 2019 pay period.
5. Review 1<sup>st</sup> Quarter 2020 payroll for current employees to assess risk to salary reduction calculation.
6. Upon completion, we will conduct an exit meeting (telephone or Zoom video conference) to discuss the overall process, our calculations and ways the medical practice can maximize the loan forgiveness provisions under the Act.

We will request necessary information from the medical practice in order to complete the above calculations. If individuals or business owners need help in compiling this information, we are available to assist as needed.



### **P3 Loan Forgiveness Calculation Engagement**

We are also available to assist medical practices with the final calculations related to the forgiveness of loan amounts received through the Paycheck Protection Program as allocated through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

At the end of the 8-week period from your first receipt of PPP loan funds, you will be required to submit an application to your lender seeking forgiveness of potentially your entire PPP loan balance. That forgiveness will take the form of the SBA's payment of your loan.

The application must include appropriate calculations made in accordance with the regulations combined with documents that verify the number of full-time equivalent employees and pay rates, as well as the payments made for other qualified mortgage, rent, and utility obligations. In addition, you must certify that the documents are accurate. The lender will then make a decision on the forgiveness within 60 days.

As part of our P3 Loan Forgiveness Calculation Engagement, we will:

1. Obtain payroll and employee information for purposes of calculating payroll costs and the effect of changes in full-time equivalents (FTE's) and reductions in salaries on the forgiveness calculation for the associated periods;
2. Obtain employee benefits, mortgage interest, rent payment and utility payment information which represent qualified expenses for forgiveness;
3. Calculate total expenses provided, the 75% payroll limitation test, reductions due to changes in FTE's or salaries, limitations for salaries in excess of program limits, and reductions to reductions for FTE's and salaries, as applicable;
4. Provide the medical practice with supporting calculations of the forgiveness amount with all required supporting schedules necessary for submission to their bank.

If you are interested in this service, please contact Kameron McQuay at [kmcquay@blueandco.com](mailto:kmcquay@blueandco.com).